

Boston Redevelopment Authority

Mr. Robert L. Farrell, Chairman
Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts

January 30, 1979

Dear Mr. Farrell:

Re: Fanuel Hall Square Co. (Sanborne Building)
121A Application (Revised)

This letter is to confirm to the Authority that the Applicants for the captioned project have reached an agreement with the City of Boston as to the amounts which would be payable to the City by the said 121A Corporation for a period of 15 years.

The sum of the excise payable under Section 10 of Chapter 121A and the additional amounts so payable will be computed on the following basis:

A. During the Development Period:

During the development period, which will commence with the date of approval of the Application under G.L. c 121A, and extend through June 30, 1981, the owner will pay taxes computed on the basis of multiplying the assessed value of the property in effect during the first fiscal year prior to commencement of construction times the City's tax rate in effect for the years in question. In no event, however, shall the annual amount due to be less than the taxes payable in the last fiscal year prior to commencement of construction.

B. After Expiration of the Development Period:

The owner will make payments to the City based on the following tax rate schedule:

1. Commencing at the end of the "development period" (June 30, 1981) through the end of Calendar Year 1982: payments in lieu of taxes will be calculated on the basis of: 23% of the gross rental income from the office space; plus 25% of the gross rental income from the retail space.

For Calendar Year 1983: payments will be calculated on the basis of 24% of gross income from office space, plus, 26% of gross income from retail space.

For Calendar Year 1984: payments will be calculated on the basis of 25% of gross income from office space plus, 27% of gross income from retail space.

For Calendar Year 1985: payments will be calculated on the basis of 25% of gross income from office space, plus 28% of gross income from retail space.

For Calendar Year 1986: and each year thereafter, until termination of this Agreement, payments will be calculated on the basis of 25% of gross income from rental of office space, plus, 30% of gross income from retail space.

2. The phrase "gross income" shall mean all income, from whatever source derived, received by the owners; including imputed rental income (whether actually received by owner or not) from "as is" retail space occupied by the Sanborn Fish Market (or their Hiers) based on a ten (\$10.00) dollars per square foot imputed rental value. In event that this ground floor retail space is substantially rehabed or upgraded, the Authority can request owner to negotiate an increased "imputed rent" to reflect the value of such upgrading.

In addition, the term gross rental income shall include any payments received by owner, designated as "additional rent", for actual increased cost to the owner for operating and utility expenses (eg. insurance, fuel, utilities, etc.) However, increased income received by the owner, even though designated as additional rent, shall be excluded from the definition of gross income for calculation of payments in lieu of taxes if such "additional" income is derived from:

(a) Payments for actual increased costs (above the initial base levels as specified in this Agreement) to the owner for real estate taxes, other municipal assessments, or any charges, payments or excise in lieu, thereof; (b) proceeds of sale or refinancing of the project; (c) any expenses incurred in connection with any defaults of a tenant; (d) direct cost of services rendered to tenants beyond those services customarily provided; and (e) any security deposits, advance rent or other escrows which are properly carried as liabilities according to standard accounting practices.

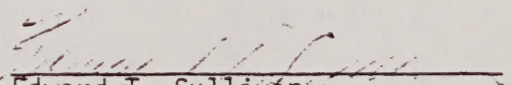
Monitoring and Reporting:

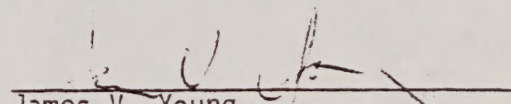
Under this agreement, the owners will be required to file each year with the Authority and the Collector-Treasurer's Office or the City Assessor, financial statements on the operation of the project which shall include: audited reports by a Certified Public Accountant detailing all rental and other incomes, operating cost, construction and replacement cost, a statement of profit and loss for the 121A Corporation, a balance sheet, a statement of disposition of funds for the preceding year, and a certified copy of the urban redevelopment excise return as submitted to the State Department of Corporations and Taxation and any other information necessary in the determination of payments in lieu of taxes.

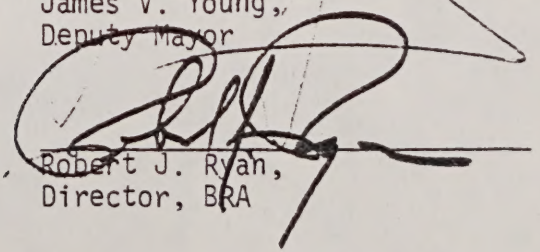
Furthermore, the City and/or the Authority can make an annual audit of all financial records pertaining to the operations of the project, under its 121A status, and can engage the services of a private accounting firm to undertake such an audit at the expense of the owner.

If the 121A Corporation is found to have deliberately withheld information on or misrepresented income collection from the project relative to its payments in lieu of taxes, the owner will be required to pay arrearages plus interest on that amount owed the City (with interest rate equal to the rate charged in delinquent property tax accounts the City's Assessing Department), and in addition will be required to pay and/or reimburse the City for all costs as a result of the situation.

Very truly yours,


Edward T. Sullivan,
Vice Mayor


James V. Young,
Deputy Mayor


Robert J. Ryan,
Director, BRA